

Office of Economic Development

2013 Budget Presentation

April 5, 2012

George K. Costa Director

OFFICE OF ECONOMIC DEVELOPMENT

Mission

The Office of Economic Development (OED) works in partnership with the community, business and government sectors to create economic opportunities towards the development of a healthy, stable and balanced economy of the County of Kaua`i. OED promotes and nurtures sustainable economic development within Kaua'i County that is consistent with the community's needs and priorities.

Goals & Objectives

The Office of Economic Development, as a government entity, interfaces with business and community leaders, as well as other government agencies and programs, to enhance Kaua'i's economic development opportunities.

The objectives of this Office are:

- 1. Assist businesses of all sizes, emerging industries and organizations in providing technical and financial support, as feasible, in an effort to provide full employment for all of Kaua'i's residents.
- 2. Utilize the Guiding Principles of the Kaua'i Economic Development Plan Comprehensive Economic Development Strategy (CEDS) to help improve Kaua'i's economy over the next 10 years:
 - *Economic Diversification:* To strengthen selected industry clusters to minimize dependence on a single industry
 - Economic Self-Sufficiency: To minimize imports and promote import substitution
 - Economic Opportunity for all: To offer an appropriate K-20 education and adequate training opportunities to give workers choices and to promote living wages
- 3. Collect data and maintain statistical information and reports, to be used as a library resource for individuals, businesses and organizations. The general public is provided access to materials, documents and publications in the OED library, and to some extent on the County's website. In addition, publications on Federal and State grants, loans or tax incentives and information on other websites are also available.
- 4. Carry out the functions of the Office of Economic Development, five sections are managed by staff specialists, under the direction of the director, in the areas of energy, tourism, agriculture, workforce development, film, and through special grants to specific economic development projects. Each section's duties and responsibilities are directed toward accomplishment of the agency's overall mission.

One secretary, and an accountant and part-time clerk-typist funded by grants, provides support to the director and the five specialists.

FY2011 Successes and Achievements

Sustainability

- 1. The fact that the County Council approved the new Sustainability-Green Manager position in the 2011-12 Fiscal Year budget is a major success for Mayor Bernard P. Carvalho, Jr's administration.
- 2. Formation and start-up of a staff-level Green Team to help the County develop innovative, inter-departmental programs that save money, support local businesses and create jobs, improve quality of life, and protect the environment and public health.
- 3. Start-up of data collection efforts required for consultant to develop a carbon emissions inventory.

Tourism

- 1. Successful completion of the \$200k Kaua'i Visitors Bureau follow up to started projects from the Visitor Stimulus Plan Phase I and II, a partnership that continued with collaborated efforts between government with the visitor industry, businesses and community organizations.
 - Programs included in this initiative were the American Girl Promotion of the successful "Kanani" doll. A kama'āina campaign to garner neighbor island travel which utilized an expedia.com cooperative and Royal Coconut Coast Photo contest and targeted public relations and advertising which encouraged Kama'āina specials on their new website. There was also support for film promotions that also included public relations and advertising, including "Mahalo" (thank you) ads directed at the Film Industry. This also included bill board advertisement in Times Square, New York which featured a large digital screen image of Mt. Makana (Haena). A Canadian Sales Blitz that included radio promotions with survey questions leading to a prize, and a Travel Show, helped to increase Canadian consumer's knowledge of Kauai. Other tradeshows, radio promotions and advertising cooperative with WestJet Airlines also helped to increase Canadians' awareness of Kauai. The last campaign included the promotion of Kaua'i Made products by utilizing ads and online marketing to direct consumers to the Kaua'i Made website.
- 2. Visitor numbers for CY 2011 increased over CY 2010 and finished with a 6.3% increase in visitor arrivals. Those are amazing numbers, considering that just 2 short years prior, the goal was to remain flat from CY 2009 to CY 2010, and a conservative forecast of a 2.0% increase from CY 2010 to CY 2011. We thank the County Council for their vision and faith in the Office of Economic Development, the Kauai Visitors Bureau and other strategic partners who helped to turn our economy around.

	2010 YTD thru	2011 YTD thru			
	Dec	Dec	Difference	% Change	
Total Arrivals	955,112	1,015,264	60,152	6.3%	
Total Visitor Days	7,128,093	7,642,445	514,352	7.2%	
Total Expenditures	\$1,112,900	\$1,323,300	\$210,400	18.9%	
Per Person Per Day	\$156.10	\$173.20	\$17.10	10.9%	
Expenditures					
Domestic Arrivals	870,746	914,424	35,891	5.0%	
U.S. West	485,700	517,856	32,156	6.6%	
U.S. East	313,675	320,092	6,417	2.0%	
International Arrivals	84,366	100,840	14,282	17.3%	
Japan	21,346	22,343	997	4.6%	
Canada	54,627	65,335	10,708	19.6%	
Length of Stay (LOS)	7.46	7.53	0.07	.09%	

3. HTA Grant Funding

- Managed and managing over 36 HTA and County Festivals & Events and project grants per year at an approximate total of about \$405,000.
- Working toward completion on work for \$75,000 from HTA Natural Resources Program for Po'ipū Sand Study which we are a partner in.
- 4. Assisted grantees who've shown improvement in grant writing, marketing, advertising and public relations. As we face the possibility of them losing funding from different sources, this has become imperative.
- 5. Kauaifestivals.com website updated and improved again and continues to be a clearing house for all events/festivals scheduled, which helps community organizations plan better for their events.
- 6. Promotional materials for the "Ambassadors of Aloha" program is a great service for Kaua'i organizations and community groups who assist in promoting Kaua'i.
- 7. Completed first half year of usage/testing of CDBG Grant Mobi Mats. CDBG cost was \$37,500 to purchase Mobi-Mat Rec-Path to utilize at upcoming festivals and events to help with ADA compliance.

Energy

- 1. Representing County on PUC dockets related to energy planning (ongoing)
- 2. Supporting State Clean Energy Initiatives (ongoing)
- 3. Implementing Energy Savings Performance Contracting for improved efficiencies at wastewater facilities. (ongoing)
- 4. Implementing Energy Savings Performance Contracting for improved efficiencies at Public Works and Parks & Recreation facilities.(ongoing)
- 5. Installed PV at the Līhu'e Civic Center \$379,000 (complete)
- 6. Installed PV at the Kaiakea Fire Station \$267,900 (complete)
- 7. Pilot operation of EV's begun & installation of charging stations underway

Agriculture

- 1. Kaua'i Grown Program launch successful at the Kaua'i County Farm Bureau Fair. Island Chefs participated in "Kaua'i Cook-Off" utilizing Kaua'i-grown produce.
- 2. Working with agricultural producer's organizations to assist their members in improving their businesses, to preserve irrigated farmland owned by the public; to provide farming opportunities to farmers providing reasonable land tenure.
- 3. Sunshine Markets continue to be a great opportunity for farmers and vendors to sell locally-grown produce and some selected value-added products at reasonable prices.
- 4. Work with the state and user groups to prevent valuable agricultural infrastructure like the sugar endowed irrigation remnants at Kalepa, Hanalei taro lands and the Kaua'i Tropical disinfestations Facility and Kaua'i slaughterhouses from deteriorating beyond economic utility.

<u>Film</u>

1. After a banner year in 2010, film productions and expenditures were back to 'normal' in 2011 with \$1.8M as it was in 2008 with \$1.7M and 2009 with 2.0M. Film expenditure for 2010 was \$56M with four feature films, two major TV commercials and two reality TV but was less than 2007's \$65M which was mostly due to one movie, Dreamworks' "Tropic Thunder".starring Ben Stiller, Tom Cruisie, Robert Downey Jr and Jack Black.

The overall number of productions on Kaua'i in 2011 was slightly less than 2008 and 2009. There were no major feature movie filmed on Kaua'i except one made-for-TV film on SyFy Channel. If 2010 was a banner year of filming, 2011 was year of movie premiers with Sony Pictures' "Just Go With It" starring Adam Sandler and Jennifer Aniston; Sony Pictures' "Soul Surfer"; Disney Pictures' "Pirates of the Caribbean: On Stranger Tides" starring Johnny Depp and Fox Searchlights' "The Descendants" starring George Clooney. All premiers were screened at Kukui Grove Cinema in Līhu'e.

- 2. Film production is a "clean" industry which provides economic benefit to Kaua'i's hotels, condominiums, vacation rentals, car rentals, equipment rentals, restaurants, wholesale and retail food and beverage suppliers, location managers, property owners, freight forwarders and helicopter companies, etc.
- 3. Two of the significant productions in 2011 are as follows:
 - Roger Corman, Hollywood King of B movies, produced his 5th movie, "Piranhaconda" on Kauai in 2011 for the SyFy Channel. His first movie on Kaua'i, a cult classic, "She God of Sharks Reef" was filmed entirely on Kaua'i in 1956. Corman's budget for "Piranhaconda" was \$165,000 and spent 2 weeks filming on Kaua'i. the run of films with production here on Kaua'i in March 2010

- A group of 100 high school music students and film crew from Canada spent 3 weeks on Kaua'i to produce music videos for their church affliation. The group travels around the world to film music videos. Expenditure was listed as \$160,000.
- 4. There were a number of foreign crews filming on Kaua'i including from Sweden, Japan, Australia, Germany and France. The French Crew filmed a documentary piece, "Somewhere On Earth" and Japanese crew from NHK public TV which came back 3 times in 3 month during full moon phase to capture the "Super Moon", a night rainbow phenomenon which they were able to film on their last night.
- 5. Update of "Kauai-film.com" website

Workforce Development

- 1. Rolled out SESP (State Energy Sector Partnership) grant training programs on Kaua'i designed to equip the workforce with skills needed to enter and/or sustain employment in green-related occupations which was anticipated would be high growth (which hasn't come to fruition yet). Courses delivered to date:
 - Photovoltaic Installation I (18 unemployed individuals completed the course)
 - Certified Energy Manager Training and Certification Exam (7 incumbent workers and 5 unemployed engineers completed the course; 11 took the certification exam and 4 passed, including 3 County engineers).

The objective of bringing the CEM training to Kaua'i was to enhance the County's ability to attain the aggressive goals of the State's Clean Energy Initiative and Kaua'i ENERGY SUSTAINABILITY PLAN by making this course accessible to industry. The essence of this intensive course is "reducing our energy demand through conservation and efficiencies."

SESP course offerings were also expanded to include on-line green-related ED2GO courses through KCC to provide more subject options and scheduling flexibility.

Upcoming courses:

- Photovoltaic Sales
- Photovoltaic Installation II
- 2. Youth Contract was awarded after lengthy RFP and contract negotiation process.
- 3. The Youth Council was reorganized with new players with lots of energy.
- 4. The American Recovery and Reinvestment Act grant was closed out in a timely manner.

Effectively managing diminishing WIA grant funds:	<u>PY 10</u>	<u>PY 11</u>	
Total Grant Fund	\$531,590	\$459,060	
WIA Adult Program -	\$152,768	\$140,184	
 WIA Dislocated Workers Program - 	\$186,619	\$138,109	
WIA Youth Program -	\$139,045	\$134,863	

This 13.6% reduction of funds between these program years will likely be a trend that continues or worsens.

- 6. Resumed the annual island-wide Job Fair which was well attended by businesses and job seekers.
- 7. Collaborating with various entities to deliver meaningful programs to the community.

OED (Office of Economic Development)

5.

Collaborated with various organizations throughout Kaua'i

BUSINESS

- Kaua'i Chamber of Commerce
- Kaua'i Economic Development Board
- Kaua'i Planning & Action Alliance
- Kaua'i Economic Opportunity
- Kauai Small Business Development Corporation
- Lihue Business Association
- West Kauai Professional Business Association
- Kaua'i Rotary Associations
- Mayor's Crime Task Force

EDUCATION / TRAINING / JOB OPPORTUNITIES

- State Department of Education
- Kaua'i Community College
- Kaua'i Workforce Investment Board
- Work Wise Kaua'i
- KEDB Education Committee

TOURISM

- Kaua'i Visitors Bureau
- Hawai'i Hotel and Lodging Association Kaua'i Chapter
- Po'ipū Beach Resort Association
- Royal Coconut Coast Association
- Hawai'i Tourism Authority
- Visitor Aloha Society of Kaua'i
- Numerous non-profit organization

ENERGY

- KIUC
- State DBEDT Energy
- KEDB Renewable Energy Committee
- Hawai'i Energy Policy Forum
- Blue Planet Foundation
- Kaua'i Community College

AGRICULTURE

- Kaua'i County Farm Bureau
- US Department of Agriculture
- UH-CTHAR
- KEDB Food & Ag Committee
- Garden Island RC&D
- East & West Kaua'i Soil & Water Conservation Districts
- East Kaua'i Water Users Coop
- Kaua'i Cattlemen's Association
- Kaua'i Agricultural Advisory Committee
- Kaua'i Agricultural Initiative
- Malama Kaua'i
- Kaua'i Beekeepers Association

HEALTH & WELLNESS

• Kaua'i Health & Wellness Association

Challenges

Sustainability

- Internal County data collection to develop a carbon emissions inventory is a major challenge. Data must be gathered from numerous agencies such as Solid Waste, Wastewater, Automotive, Water, Transportation, Fire, and Finance. In many cases, the data must be gleaned from pdf files and converted to Excel spreadsheet to allow for future tracking.
- 2. Sustainability is such a broad topic that we need to structure our program to improve sustainability efforts internally first, then to move into the greater community. This community effort must be coordinated to solicit as much public input as possible to try and focus our sustainability efforts on a few priority areas to realize the greatest impact.

Tourism

1. We continue to have a lot of interaction through our website kaua'i-hawai'i.com and kauaifestivals.com which garners a lot of questions. Potential visitors request answers about their vacation from a reputable source. Keeping up with email is challenging and we appreciate the assistance of our part-time clerk who assists in responding to questions and also assists with uploading information on the websites.

- 2. Loss of key personnel with the Hawai'i Tourism Authority (HTA) who have supported Hawaiian Culture, Natural Resource and the well-known CPEP (County Product Enrichment Program) as we prepare for the 2012 calendar year. HTA seems to be looking to engrain itself in marketing over product development for Hawai'i as a destination. Funding for product development continues to decline and puts some of our positions at risk.
- 3. Will be assisting organizations in the re-established Royal Coconut Coast Association as they reposition themselves among the Kaua'i resort community.
- 4. Searching for new grant sources and maintaining current ones.

Energy

- 1. Scale of County opportunity related to energy is larger than current staffing can accommodate. One person operation with very little clerical support means that all research, writing, and production of work products come directly from the Specialist. Typical project tasks include writing bids, RFPs or procurement of services; followed by contract preparation/writing which is reviewed by the County Attorney; followed by the Director of Finance and finally the Mayor.
- 2. Current County operational energy data is limited in availability and usefulness. Lack of data limits ability to assess needs and manage County energy consumption. Energy specialist, department managers, and facilities personnel could benefit from improved energy usage data. Investigations currently ongoing to improve quality of and access to energy data across fleet & facilities.

Agriculture

- 1. State and now federal finances have eliminated some of the best discretionary programs and most effective programs for developing and assisting new farming enterprises. These programs are the non-regulatory tail of the State and Federal Departments of Agriculture.
- 2. Community interest for improved Sunshine Markets and "value-added" products will require additional resources and change the present operations.
- 3. Agriculture is a one person operation with some of the same research and procurement issues of Energy, but with less federal and state involvement inasmuch as their money flows to regulatory and subsidy programs from those governments except where there are specific agencies such as the USDA Natural Resource & Conservation Service and USDA Farm Service Agencies for implementation of their programs.
- 4. The Specialist attends approximately 30 after hour meetings of agricultural organizations per year in addition to business hour meetings and time coordinating or dealing with issues raised in some of these meetings.

Film

- 1. To gain access for film productions to key properties and film locations have been a challenge due to liability concerns. Several of Kauai's key film locations are not available as in the past. Most recently, one of the most spectacular natural waterfalls on Kaua'i on the north shore is no longer available for film productions according to the property owner (s). Another location is a popular spot for visitors and locals, and poses logistical challenge when there are many people at locations during filming.
- 2. The other challenge that has existed for many years is the lack of film production equipment on Kaua'i which needs to be shipped from Oahu or the mainland. Kaua'i also has no film studio or sound stage to do in-house indoor filming or post-production.

Kaua'i Community College is planning to expand its campus to a 4 year institution in the near future and is interested in starting a film and digital media curriculum and develop a program like at UH Manoa's Academy for Creative Media. KCC has land spaces to build a film studio and sound stage which will attract not only Hollywood filmmakers to use the facility but will enable Kaua'i film and creative media students to work with film professionals first hand.

Workforce Development

- 1. Diminishing WIA funding makes it challenging to function effectively since the 10% limit on administrative costs as well as what can be charged against it, limits our ability to budget for important Board activities and events that could enhance member satisfaction and improve active involvement.
- 2. The Specialist is responsible for all research, writing, youth program RFP development and award, negotiation and drafting of two service provider contracts annually as well as amendments and supplements; program oversight, formal case file review and monitoring of each program, and regular reporting to multiple agencies. [These are repeated for every other grant-funded program received]. In addition, the specialist serves as staff to the Kaua'i Workforce Investment Board (KWIB), and its related entities Executive Committee, WorkWise Consortium, and Youth Council which includes: scheduling meetings, preparing agendas and arranging speakers, transcribing minutes (since there is no Board Secretary), following up on action items for each of these entities, as well as implementation of Board initiatives.
- 3. The part-time Accountant handles fiscal matters for each program including reviewing and processing provider requests for reimbursement, all GL entries and adjustments and all fiscal reporting, as well as drafting of the budgets in collaboration with the Specialist.
- 4. While active collaboration with the State WDC and other entities is essential to secure additional funds for County workforce development activities; each potential grant application requires significant staff time to research and compile meaningful supporting data and LMI, whether the grant is actually pursued or not.

5. While each new funded grant and program benefits the community, it multiplies the workload for the Specialist and part-time Accountant since most require similar intensity of administrative activity and oversight, regardless of the dollars funded. Since typically no additional staff is hired or assigned to oversee these new program requirements, important program and administrative activities and responsibilities, especially for our core program, are not performed, delayed significantly, or may be completed but not to the desired level of execution.

OED (Office of Economic Development)

- 1. The Office of Economic Development has always been a department that receives a lot of attention in the form of projects and grants that provide opportunities for job creation and/or job maintenance. Many of the projects assigned to the Office of Economic Development are those that do not "fit" with the mission of other County Departments. The small staff that makes up the Office of Economic Development is very dedicated and try their best to bring all projects to fruition. This can be especially difficult to accomplish on a timely basis with managing multiple projects and priorities, along with being an integral part of Kauai's business community and having to attend numerous meetings. The OED director alone averages a minimum of 4 hours of meetings per day for the last 3 years. At least one additional staff position will be requested to assist not only the OED director, but able to assist all 6 specialists and managers in research and clerical work.
- 2. OED is a source of grants for programs that benefit our economy, promote and preserve our diverse cultures and assist much needed social services. Here are a few additional organizations that have or will request funding:
 - Agriculture Kauai Invasive Species Program \$50,000
 - Social Kauai Independent Food Bank SNAP Program \$28,000
 - Social Kaua'i Independent Food Bank EBT Program \$10,000
 - KEDB CEDS Projects \$100,000
 - KPAA CEDS Projects \$100,000

Improvements

Sustainability

1. New program. None at this time.

Tourism

- 1. Compiled information from pilot program of implementing new surveys in festivals and events to attendees, suppliers and vendors to better assess economic impact.
- 2. Instituted surveys at some festivals and events that will give us more information on actual spending of visitors at events.

- 3. Streamlining new process and forms for carrying out the yearly RFP that we run with purchasing for the CPEP projects.
- 4. Instituted periodic training programs to help non-profit organizations with common program problems such as loss of volunteers and fundraising techniques. Looking to continue this practice and bring in great speakers and motivators.
- 5. Sponsored an Association of Native Americans Grant workshop as a possible venue for funding for product development on Kaua'i. Prior to this, you had to fly to O'ahu to learn how to write for these grants.

<u>Film</u>

- 1. Kaua'i Film Commission website was updated and upgraded in late 2010, the first since early 2000. Although updates and upgrades were done, the office continues to make changes and updates.
- 2. Kaua'i Film Commission Facebook was established in late 2011 to provide information and news about Kaua'i's film activities to Facebook users. The Film Offices of the Hawai'i Islands (FOHI), with all 4 county film offices and its commissioners and State of Hawai'i Film Office and its director, Georja Skinner, are in constant dialogue with to find a better and efficient ways to market and promote Hawai'i film industry which had a record banner year in 2010. Currently, a network TV series, CBS's "Hawai'i Five 0" films in Honolulu, and ABC TV's/Spielberg's new thriller, "The River" which filmed on O'ahu premiers in Feb. 2012.

Workforce Development

- 1. More frequent visits to the One Stop Center by WIA Administrator to interact with customers and with staff to ensure program objectives are being implemented effectively.
- 2. Provided informal One Stop Center oversight for 4 months after the Branch Manager retired and before the new Manager was selected.
- 3. Implemented use of monitoring tool that was improved in 2010, utilizing our Student Intern. The goal is for it to be used Statewide, with other counties modifying to match their particular program priorities. More revisions and enhancement continue to be made to it.

Upcoming Initiatives

Sustainability

1. Create a permanent sustainability program within county government that grows and improves over time. Start with a Greenhouse Gas Emissions Inventory followed by a forecast for local government operations with a Kauai Government Action Plan to improve energy and resource use. (ongoing program)

- 2. Introduce the concept of sustainable, long-term thinking that considers multiple impacts of actions on the environment, social equity and the economy, into county policies and activities, where feasible. The government sustainability program will be designed to guide and assist County departments in their efforts to incorporate sustainability into their operations. The sustainability program will foster the creation of programs and actions that promote island sustainability and assist County departments to reduce environmental impacts from operations and improve environmental performance. The sustainability program should ultimately enable the County to reduce the consumption of utilities, resources and dependency and use of fossil fuels. Institutionalize sustainability as a county value. (new program)
- 3. Continue working with a staff-level County Green Team to help the County develop innovative, inter-departmental programs that save money, support local businesses and create jobs, improve quality of life, and protect the environment and public health. (ongoing program)
- 4. Track improvements and successes for the government program over time using verifiable metrics. (ongoing program)
- 5. Interact on a regular basis with key sustainability players, by sharing information, collaborating on projects and programs, and learning from each other. As the County moves towards more sustainable practices, it is envisioned that public interactions will also motivate the public to think and act sustainably. Once we develop and implement a successful county operations sustainability plan, we will move to create a community process to develop a consultant-assisted, county-wide sustainability plan in fiscal year 2013-2014. (ongoing process)
- 6. Work with educational and community organizations to further promote sustainability concepts and initiatives. (ongoing process)
- 7. Continue membership in ICLEI's (Local Governments for Sustainability) as a standardized means of assessing sustainability challenges, establishing goals, developing and implementing a plan, and then monitoring, measuring and reporting performance.

Budget Impacts of the Sustainability Program Initiatives.

Sustainability Program Support: \$33,000 (new program expense)

1. Data Collection and Compilation: Much of the past data required for the carbon emissions inventory is not in electronic or Excel format and the data conversion is critical to program development, as this information will be used to form the baseline for the county's carbon footprint. After the data collection has been completed, a management-level Green Team will then develop a County Operations Action Plan to reduce the county's carbon footprint over time. This funding will be used for data collection and consolidation, facilitation assistance; plan development, reproduction costs, and public education.

Dues and Subscriptions: \$1,500 (new program expense)

- 1. Sustainability Program support will additionally fund participation in ICLEI (International Council for Local Environmental Initiatives) programs. ICLEI represents local governments for sustainability. ICLEI is an international association of local governments as well as national and regional local government organizations who have made a commitment to sustainable development. ICLEI provides technical consulting, training and information services to build capacity, share knowledge and support local government in the implementation of sustainability at the local level. This is estimated at \$1,300 based on county population.
- 2. We will also subscribe to 2-3 sustainability resources to keep up with current trends and the sustainability industry clusters.

Travel Expenses: \$8,260 (new program expense)

Mainland Travel-Sustainability

1. Kaua'i's sustainability program is in its infancy. We should develop our program by using the experiences of other jurisdictions that have successfully created sustainability plans for their communities. Currently, we are targeting 1 mainland trip to the ICLEI conference or the Smart Growth Conference in 2013. These conferences cover many sustainability topic areas such as land use, water, energy, and transportation as well as even broader areas such as economic, cultural and social sustainability.

Interisland Travel-Sustainability

1. Interisland travel will be required for the Sustainability Manager's participation in networking meetings with the State Sustainability H2050 Council, coordination of activities with state and county agencies working on sustainability projects, continued interactions with the Public Utilities Commission.

Tourism

- 1. Continuation of building kauaifestivals.com program and mass calendar and media program.
- 2. Funding capture for restoration and rock wall building training for Kaneiolouma Heiau. We have requested \$300,000 in this budget as a match for a possible ANA grant we will be going after for 1.2 million for this project. The grant would be applied for in January of 2013 and available in August of 2013 for three years at \$400,000 a year.
- 3. CPEP and County Grant Program continuation and refinement.
- 4. Continued support for Visitor Industry partners. This would include an increase in the funding for the Kaua'i Visitors Bureau who provides us, year after year, with incredible value for our investment. Increase is \$25,000 over last year's allotment of \$75,000.

- 5. We have been working closely with the Mayor's office and several noted cultural practitioners in the community to relook at the place names used in each area of the island to make corrections and learn from the names such things as wind types, rain types and other cultural information we can use to promote the island and make our tourism more sustainable and educational.
- 6. We also have included in the tourism section the third year funding of the Kaua'i Marathon at \$85,000. The OED Director and the OED Tourism specialist monitor this program very closely to encourage and insure growth of this marathon for all participants including the Japanese market.
- 7. Continuation of building kauaifestivals.com program and calendar and media program.

Energy

- 1. Kaua'i Energy Sustainability Plan Recommendations Work with County Council, EPAC, KEDB Renewable Energy Committee, Energy Coordinator on implementing "short-term" recommendations (ongoing)
- 2. County Facilities Energy Monitoring Pilot
- 3. Quarterly informational meetings on relevant energy subjects
- 4. Energy Savings Performance Contract for Building Division and Parks Dept. With their electric bill close to \$2M, a conservative 10% savings would equate to \$200,000. (ongoing)
- 5. Installation of EV (Electric Vehicle) chargers at county facilities (ongoing)
- 6. Construction of a PV system for the Police/OPA/CD (ongoing)
- 7. PV system for Kīlauea and Kalāheo Neighborhood Centers (ongoing)
- 8. Methane use for energy production at Kekaha Landfill (ongoing)

Budget impacts/changes in Energy budget

- 1. County Facilities Energy Monitoring Pilot_— \$15,000 new Proposed pilot for exploring potential for expanded in-house energy monitoring at County facilities. Expense is for purchase of a limited amount of monitoring equipment, software, and training. Energy Coordinator will manage pilot & make recommendations for future expansion based on success of effort.
- 2. Quarterly informational meetings \$3,400 new Proposal to create quarterly meetings on relevant energy related subjects for public participation. Expense is to cover travel costs for expert speakers & small promo & refreshment budget.
- 3. Electric Vehicle Charging \$5,000 allowance estimated to cover anticipated energy costs to charge County EV's under new meter at Līhu'e Civic Center.
- 4. Travel expenses \$6,540 increase A portion of travel expenses previously carried under EES funds through DBEDT. These funds are not anticipated to be available for 2012-2013. Air travel expenses also adjusted to reflect higher travel costs. A portion of travel costs catagorized differently in this year's budget (listed under 'energy-tradeshows' in

2011-12 budget but included in travel in 2012-13) Travel expenses cover four primary areas:

Interisland Travel: Public Utilities Commission, Hawai'i Energy Policy Forum, Rebuild Hawai'i

Quarterly meetings to participate in PUC activities are important to preserve the County interest as it relates to electric utility regulatory issues. This includes County intervention in PUC dockets, PUC working groups, and workshops. Benefits include input in PUC decisions, greater awareness of opportunities and threats with regards to regulation of efficiency & renewable energy projects, rate cases, & other critical issues regarding the electric grid.

Quarterly meetings to participate in <u>HEPF</u> are important to preserve the County interest as it relates to clean energy specific policy in Hawai'i. Current areas under discussion at HEPF include allocation & amount of the State Barrel Tax, continuation of solar tax credits, biofuels projects & policies, and other initiatives.

Quarterly meetings to participate in <u>Rebuild Hawaii</u> activities are important to connect the County to State & Federal resources related to energy efficiency. Rebuild Hawaii Consortium goals are to promote efficient energy resource utilization by identifying and leveraging statewide and national assets, creating community awareness, building partnerships and employing innovative solutions to resolve energy efficiency and resource efficiency issues.

<u>Mainland Travel</u>: (2) trips_per year to attend mainland conferences & workshops relevant to Kaua'i County Energy issues. Such events are key to maintaining education & awareness of developments and opportunities in energy industry. Example events (selection based on workload, final event program, etc.)

http://www.aceee.org/conferences/2012/mt http://ases.org/index.php?option=com_content&view=article&id=18&Itemid=147 http://www.energyevent.com/conference/

Agriculture

- 1. Kīlauea Ag Park Make a presentation to the Kilauea Neighborhood Association and community on the results of the Environmental Assessment which include the additional cost of \$4 million for three 400 ft. wells and storage tank, and requirements of a Habitat Conservation Plan to address the Hawaiian Nene geese that frequent this area. Will also need to provide the community with options of what can be done with the land in question and other Ag Park locations on Kauai.
- 2. Complete Sunshine Markets "Value-Added" Ordinance Amendment, revised Administrative Rules, bring all farmers and vendors into full compliance, complete 5-year business plan

- 3. Papaya Disinfestation Facility continue maintenance and look at other uses including a commercial kitchen and Kaua'i produce distribution center, while papaya farmers being trained and crop planted and farmed
- 4. Work with Kaua'i Cattlemen's Association on improvement of beef quality and slaughterhouse maintenance, while working with the Kauai Economic Development Board in their feasibility study of a new Slaughter, Chill and Processing Facility for Kauai.
- 5. Continued support and financial assistance for the Kauai Grown program which promotes local farmers and ranchers. This also includes recruiting retail stores such as Sueoka Store, Ishihara Market, Living Foods (Kukuiula), Times-Big Save Stores and Foodland.

Film

- 1. Continue to make further improvements in the newly updated film website
- 2. Continue to work closely with Kaua'i's film production & location managers to address filming procedures, guidelines especially with aerial filming by helicopters, and basic courtesies when working with production companies.
- 3. One of the key initiatives is to develop a marketing strategy to promote Kaua'i's film-friendly locations and services to attract more European and Asian film productions from Korea, China and Japan.
- 4. To start a dialog with organizers of Hawai'i International Film Festival and Kaua'i's community and business leaders to bring Hawai'i International Film Festival back to Kaua'i.

Workforce Development

1. Funding the Workforce Specialist salary and benefits through the General Fund will address the recurring challenge of diminishing WIA funds insufficient to cover administrative expenses and the forced budgeting of the remaining funds needed to programs. This will ensure that there continues to be sufficient funding available to effectively administer and operate the Youth, Adult and Dislocated Worker programs and will also enable the Workforce Specialist to address other non-WIA workforce initiatives rather than having to operate solely under the constraints of WIA funding. It is almost a certainty that PY 12 allocations will be even less than current amounts.

In Program Year 2011 (7/11 - 6/12), less than 10% of the Specialist's salary could be budgeted to the WIA administrative fund due to the limited fund allocation, under 38% was budgeted against the County General Fund based on the \$50,000 funding cap so over 52% was budgeted against the three WIA program funds (over 17% each) in order to balance the budget.

As of the first 6 months of this Program Year 2011, only 10% of to-date hours were actually charged to the Youth program, while only 6.4% could be charged to each of the Adult and Dislocated Worker programs. As a result, the excess funds budgeted to salary and benefits but not used will be lost to the County since these unused program funds

cannot be accessed for other purposes. In past years, these hourly charges against the programs have typically been less than these.

Eliminating the Specialist's charges against the Program allocations will allow proportionately more funds to be directed to delivery of program services and will assure the opportunity to fully utilize funds allocated. This will also eliminate the accountant's very labor intensive process of having to calculate and then process payroll adjustments for 8 program accounts and their related benefit sub-accounts monthly.

- 2. Commit to funding for at least one person (staff or Board Member) to attend NAWB (National Association of Workforce Boards) conference held in Washington, D.C. annually. The State and other counties annually send at least one representative, generally more, to this important event. Participation is vital for networking with other regions and local areas around the country to gather information about best practices and innovative projects. It is also essential to be able to present full representation of our region to national officials, including our congressional delegation, and to effectively move our workforce program forward. Hawaii is unique in that it is designated as a region whereas most other regions overlap multiple States.
- 3. Plan and host an Energy Industry Educational Tour for educators and employment counselors to update them on career opportunities in this sector so they are equipped to advise their students/clients about the opportunities and training required. This will be an appropriate follow up to the Green Workforce Development Summit held in January.

OED (Office of Economic Development)

1. Hire an Economic Development Technician who can assist the Director and six (6) Economic Development Specialists in grant and information research in order to complete studies and reports assigned. This person would also be proficient in MS Word, Excel, PowerPoint and Publisher to help create reports and presentations that will be used at County Council, Neighborhood Community and other meetings throughout the island of Kauai.

Presently the Tourism, Energy, Agriculture, Film and Workforce specialists have to conduct all research, writing, and production of work products. Typical project tasks include writing bids, RFPs or procurement of services; followed by contract preparation/writing which is reviewed by the County Attorney, Director of Finance and Mayor's office.

With the state of the national, state and county economy at the forefront, it is essential that the Office of Economic Development be fully engaged with the business community and Kauai community at large, and still be able to initiate and complete essential projects on a timely basis.

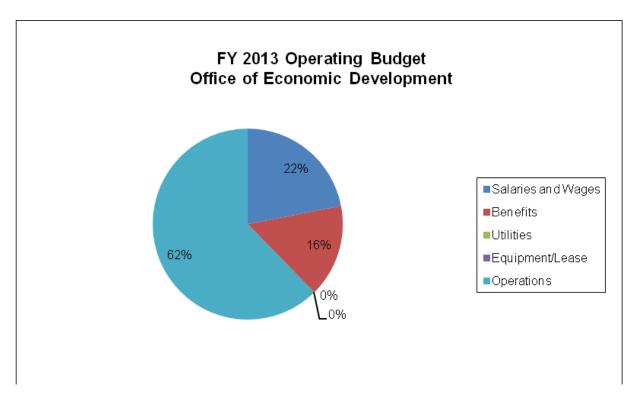
2. Reorganize and digitize much of the Office of Economic Development files and data used for research.

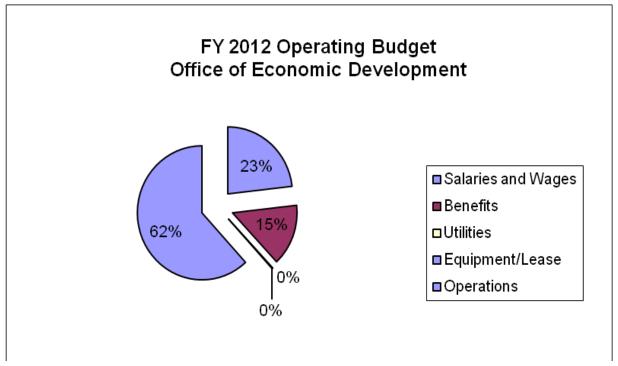
- 3. Create an inventory of data and information stored in the Office of Economic Development that the staff and general public can use.
- 4. Create a listing of websites that contain important information and data that can be used by the OED staff and general public.

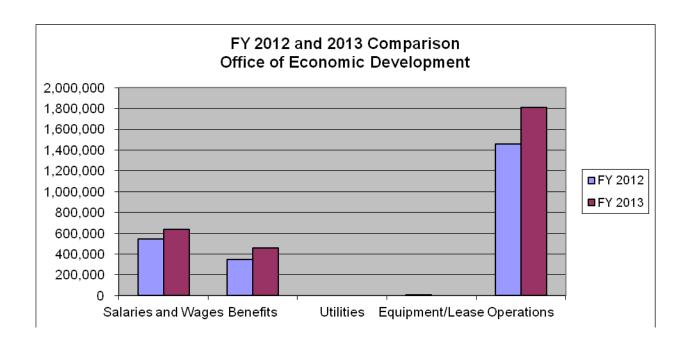
Office of Economic Development – Priority Funding List – General Fund

PRI	FUNDING REQUEST	FY 2013 COST	COMMENTS		
1	NEW POSITION - Economic Development Technician	\$55,500	Assist Director & 6 Specialists with research & clerical		
2	Fully Fund (General) Economic Dev. Specialist - WIA	\$25,500	Ensure sufficient funding available to administer and		
			operate the Youth,Adult & Dislocated Worker Programs.		
3	Increase Fund (General) Economic Dev. Accountant	\$20,000	Accountant providing fiscal management for Director,		
			Energy, Film, Agriculture and Sustainability sectors.		
	PRIORITY LIST TOTAL	\$101,000			

Comparative Graphs







Operating Budget - Office of Economic Development	FY 2012	FY 2013	Variance	%
Salaries and Wages	547,602	637,103	89,501	16.3%
Secretary	48,048	38,988	(9,060)	-18.9%
Econ. Dev. Specialist - Energy	75,000	64,920	(10,080)	-13.4%
Econ. Dev. Specialist - WIA	30,000	55,500	25,500	85.0%
Econ. Dev. Technician	0	55,500	55,500	#DIV/0
Econ. Dev. Accountant	10,000	30,000	20,000	200.0%
Regular Overtime / Comp Time	2,000	2,920	920	46.0%
Premium Pay	1,500	8,221	6,721	448.1%
Total	166,548	256,049	89,501	53.7%
Benefits	350,435	473,541	123,106	35.1%
Benefits	176,255	253,741	77,486	44.0%
OPEB	174,180	219,801	45,621	26.2%
Total	350,435	473,542	123,107	35.1%
Operating Expenses	1,463,005	1,152,378	(310,627)	-21.2%
Agriculture - Livestock (KCA)	11,900	10,000	(1,900)	-16.0%
Agriculture - Kauaʻi Food Bank - SNAP Program	28,000	0	(28,000)	100.0%
KEDB - CEDS	135,000	0	(135,000)	100.0%
KPAA - CEDS	145,000	0	(145,000)	- 100.0%
Total	319,900	10,000	(309,900)	-96.9%
TOTAL	2,361,042	2,263,022	(98,020)	-4.2%

Operating Budget Discussion

Salaries & Wages

New positions or changes to any existing positions, indicating contractual or civil service, salary, and division.

- 1. There will be a reduction in salary of the **Economic Development Secretary** to reflect their current skill set and reduction of duties, specifically the fiscal function for the Director, Film Commissioner, Agricultural and Energy Specialist and Sustainability Manager. This reflects an annual reduction of \$9,060.
- 2. There is also a reduction in salary for the **Energy Coordinator** which reflects the new person's experience and time of service with the County when compared to the previous Energy Specialist. This reflects an annual reduction of \$10,080.
- 3. Requesting that the salary and benefits for the **Economic Development Specialist for Workforce** be covered under the County General Fund. Funding the Workforce Specialist salary and benefits through the General Fund will address the recurring challenge of diminishing WIA funds insufficient to cover administrative expenses and the forced budgeting of the remaining funds needed to programs. This will ensure that there continues to be sufficient funding available to effectively administer and operate the Youth, Adult and Dislocated Worker programs and will also enable the Workforce Specialist to address other non-WIA workforce initiatives rather than having to operate solely under the constraints of WIA funding. It is almost a certainty that PY 12 allocations will be even less than current amounts.
- 4. Requesting to add a new position of **Economic Development Technician** which would be a salaried position and an additional \$55,500 plus benefits to the General Fund. This person will assist the Director and six (6) Economic Development Specialists in grant and information research in order to complete studies and reports assigned. This person would also be proficient in MS Word, Excel, PowerPoint and Publisher to help create reports and presentations that will be used at County Council, Neighborhood Community and other meetings throughout the island of Kauai.

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With the state of the national, state and county economy at the forefront, it is essential that the Office of Economic Development be fully engaged with the business community and Kauai community at large, and still be able to initiate and complete essential projects on a timely basis.

5. **Economic Development Accountant** is a contractual, salaried, grant funded position primarily funded by HTA and WIA grants, but also provides fiscal services to Energy, Film, Agriculture and OED Director that requires funding from County General Fund. It is an essential expense necessary to continue administering the WIA training program. If an audit finds hours charged to WIA are inappropriate, the county will be obligated to repay using non-Federal funds. Staff administrative hours can't be covered just with the 10% allocation from Federal funds due to diminishing fund allocation. This is an additional \$20,000.

Current or anticipated vacant civil service and contractual position(s), duration of vacancy, and expected date for filling these position(s).

1. None

Contractual positions funded by the State or Federal grants, and the contract period.

- 1. Workforce Specialist (all Federal WIA Funds) -7/1/11 6/30/12
- 2. Economic Development Accountant (State HTA and Federal WIA Funds) 7/1/11 6/30/12
- 3. Clerk-Typist (State HTA Funds) 7/1/11-6/30/12

Benefits

Increase in Benefits reflect the following:

- 1. The various changes to five (5) OED positions for a net change of \$77,486.
- 2. Other Post Employee Benefits (OPEB) reflects increase in contribution for Employee Retirement Health Benefit contributions. This is an additional \$45,621.

Operating

Net increase in Operating Expenses reflect the following:

- 1. Reduction of the **Agriculture Livestock Grant** by \$1,900.
- 2. Elimination of the Kaua'i Food Bank SNAP Program Grant. Reduction of \$28,000.
- 3. Reduction in **KEDB- CEDS** Support by \$135,000.
- 4. Reduction in **KPAA-CEDS Support** by \$145,000.